

Message Text

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ORIGIN XMB-04

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-----162005Z 065371 /61
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FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA

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E.O. 11652: N/A

TAGS: EGEN, CG

SUBJ: PAYMENT FACILITY AGREEMENT BETWEEN GOZ AND LENDERS
FINANCING ADDITIONAL COSTS OF INGA-SHABA TRANSMISSION LINE

1. ON MARCH 8 EXIMBANK RECEIVED THE FOLLOWING COMMERCIAL TELEX FROM GOVERNOR SAMBWA: QUOTE. WE ADVISE YOU THAT IN THE INTEREST OF CENTRALIZING THE ADMINISTRATION OF THE FOREIGN EXCHANGE ASSETS OF THE COUNTRY, THE BANQUE DU ZAIRE HAS MADE, SINCE THE FIRST OF MARCH 1977, ALL PAYMENTS WHICH HAVE HERETOFORE BEEN ASSURED BY SOZACOM FOR THE ESTABLISHMENT OF THE PROVISION NECESSARY FOR THE REIMBURSEMENTS ANTICIPATED FOR VARIOUS MATURITIES. WE INFORM YOU THAT THE BANQUE DU ZAIRE HAS TAKEN THE NECESSARY STEPS WITH ITS FOREIGN CORRESPONDENCE SO THAT PAYMENTS WILL BE MADE EACH TIME WITHIN THE PERIODS SPECIFIED IN THE AGREEMENT

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OF THE PAYMENTS FACILITY. IF UNDER THE PROVISION OF ARTICLE 8, LINE 2 OF THE AGREEMENT IN QUESTION, THE APPLICATION OF THE PROCEDURES ANNOUNCED ABOVE REQUIRE AN AMENDMENT IN WRITING, THE BANQUE DU ZAIRE IS READY TO ENTER INTO THE NECESSARY DISCUSSIONS WITH ALL THE INTERESTED PARTIES. UNQUOTE. ARTICLE 8, LINE 2 OF PAYMENT FACILITY AGREEMENT REFERS TO PROCEDURE FOR AMENDMENT.

2. EXIMBANK REPLIED WITH FOLLOWING COMMERCIAL TELEX: QUOTE.
YOUR TELEX OF MARCH 8 RECOMMENDING REVISED METHOD UNDER WHICH
BANQUE DU ZAIRE WILL CONTROL FOREIGN EXCHANGE RECEIPTS FROM
COPPER SALES HAS CAUSED US SOME CONCERN... INITIALLY, WE
WOULD APPRECIATE RECEIVING DETAILED DESCRIPTION OF NEW PROCEDURE
AND ROLE OF OTHER PARTIES SUCH AS SOZACOM AND BANQUE BELGOLAISE.
OUR CONCERN ARISES FROM FACT THAT ESSENCE OF PAYMENT FACILITY
AGREEMENT INVOLVES DEBT SERVICE PAYMENTS BEING TRANSFERRED BY
ENTITY INITIALLY RECEIVING FOREIGN EXCHANGE FOR COPPER SALES TO
MANUFACTURERS HANOVER TRUST COMPANY, ACTING AS DEPOSITORY. WE
UNDERSTAND WORLD BANK FINANCING ARRANGEMENTS FOR GECAMINES
EXPANSION PROGRAM COULD ALSO BE AFFECTEDM UNQUOTE.

3. EXIMBANK INFORMED BY SCHOTT OF IBRD THAT IT HAD RECEIVED
MESSAGE SIMILAR TO THAT SENT EXIMBANK BUT RELATING TO TRUST
ARRANGEMENTS UNDER FINANCING FOR GECAMINES EXPANSION PROGRAM.
IBRD HAS SENT REPLY STATING THAT PROPOSED REVISION IS DISTURBING
SINCE IT STRIKES AT THE HEART OF REASON FOR ESTABLISHMENT OF
THEIR SET-ASIDE PROCEDURE.

4. EXIMBANK WOULD APPRECIATE EMBASSY DISCUSSION OF REVISED
PROCEDURE FOR TRANSFER COPPER SALES PROCEEDS WITH GOVERNOR
SAMBWA TO OBTAIN DETAILS REQUESTED ABOVE. EMBASSY MAY EXPRESS
EXIMBANK'S RESERVATIONS ABOUT ITS PRESENT UNDERSTANDING OF THE
PROCEDURE AND PRESENT RELUCTANCE TO AGREE THERETO.

5. DEPARTMENT AND EXIMBANK REALIZE EXISTING HEAVY DEMANDS ON
EMBASSY MAY PRECLUDE IMMEDIATE APPROACH ON THIS TOPIC, HOWEVER,
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WOULD APPRECIATE CONTACT WHEN EMBASSY FEELS IT CAN AFFORD THE
TIME.
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Sent Date: 16-Mar-1977 12:00:00 am
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